UNITED STATES DEPARTMENT OF THE INTERIOR
Office of Inspector General
1849 C Street NW
MS 5341
Washington, DC 20240

May 16, 2006

Memorandum

To: Brian Waidmann
Chief of Staff

From: Earl E. Devaney
Inspector General

Earl E Devaney

Subject: Transmittal of Report of Investigation – Allegations Concerning Senior Officials of the Office of Special Trustee for American Indians

This memorandum transmits the results of the Office of Inspector General (OIG) investigation into allegations that senior officials in the Office of Special Trustee (OST) created an appearance of preferential treatment in regard to a contract with Chavarria, Dunne & Lamey (CD&L) LLC by socializing, exchanging gifts, and exerting pressure on OST contract staff to award a sole-source contract and then continue to award contract work to CD&L without competition. The OIG also investigated allegations that the Office of Trust Resources Management (OTRM) entered into a contract with a consultant without any business necessity and that OST entered into an interagency agreement to help old friends and colleagues of an OST official.

In summary, the report presents information that establishes that the conduct of four OST officials – Donna Erwin, Doug Lords, Jeff Lords, and an OST management analyst – created an appearance of preferential treatment of CD&L and another OST contractor, in violation of the Standards of Ethical Conduct for Employees of the Executive Branch, and in violation of an internal OST memorandum directing "Arms Length Dealings with Contractors."

More specifically, the report shows that over a period of years, OST awarded and continued to extend and expand, without competition, a contract with CD&L for trust fund accounting and risk management services. At the same time as this contract grew and expanded, the most senior ranking officials in OST – Donna Irwin, Principal Deputy Special Trustee; Doug Lords, Deputy Special Trustee for Field Operations; and Jeff Lords, Deputy Special Trustee for Trust Accountability – engaged in extensive outside social activity with executives of CD&L. This social activity included exchanging gifts of meals and drinks with CD&L executives, taking out-of-town trips to a major golf event, playing golf together on almost a weekly basis, and exchanging hospitality at personal residences. The report also shows that OST contract personnel felt pressured by these senior OST officials to continue to award work to CD&L.

The seriousness of this conduct on the part of the OST senior management is exacerbated by the nature of the contract, the sensitivity of the work involved, the level of the OST officials' positions, and the mission of OST – each of which lies close to the heart of the protracted and contentious *Cobell* litigation.

While the report also contains information relative to five other OST employees who socialized with OST contractors in violation of OST internal "Arms Length" guidance, only the conduct of the OST management analyst, by virtue of his official responsibilities as a contracting officer's technical representative and member of the contractor selection committee, rises to the level of a violation of the Standards of Conduct.

The Report of Investigation was presented to the U.S. Attorney's Office for the District of New Mexico, which declined prosecution.

Therefore, I am transmitting this report to you for whatever administrative action you deem appropriate. [Ex. 5]

Notably, the report discloses that numerous OST personnel are concerned that they may be retaliated against by the senior OST management for cooperating and providing information to the OIG. As you know, §7 (c) of the Inspector General Act of 1978, as amended (5 USC Appx.), prohibits any reprisal against an employee for making a complaint or disclosing information to the OIG. As such, I am requesting that you personally ensure that no such action is taken against any of the OST personnel who cooperated and provided information to the OIG.

In addition to taking appropriate action against the subjects of this investigative report, I urge you to thoroughly review both the performance of the CD&L contract as well as any pending or future awards to the CD&L contract, particularly if they are being awarded without competition.

[Ex. 5]

If you have any questions about this report, [Ex. 5], or the accountability form, please do not hesitate to contact me at (202) 208-5745.

Attachments

Investigative Report

On Allegations Concerning Senior Officials
of the Office of the Special Trustee for American Indians

This report contained information that has been redacted pursuant to 5 U.S.C. §§ 552(b)(6) and (b)(7)(C) of the Freedom of Information Act and the Privacy Act, 5 U.S.C. § 552a. References indicating gender are written in the masculine form to protect the identities of individuals and to facilitate the reading of the report.

Results in Brief

In July 2003, the Office of Inspector General (OIG) received allegations concerning senior officials of the Office of the Special Trustee for American Indians (OST) that:

1) Chavarria, Dunne & Lamey LLC (CD&L), a contractor for OST, received favorable treatment in the award of OST contract work from OST senior officials.

2) The Office of Trust Risk Management (OTRM) of OST entered into a consulting contract with a consultant to spend end-of-fiscal-year funds without business necessity.

3) The former program analysis officer for Office of Trust Review and Audit (OTRA), OST, entered into an interagency agreement with the Indian Business Operations (IBO) to help friends and colleagues, and not out of any business necessity.

The OIG initiated an investigation, reviewing thousands of documents related to seven contracts and one interagency agreement with a total value of approximately $77 million. We subpoenaed and reviewed CD&L corporate expense reports; examined thousands of e-mails contained in four senior OST officials' archives; and interviewed over 50 individuals, including CD&L executives and employees, former and current OST employees, other former and current DOI employees, and government contractors. Some of these individuals required multiple interviews to follow up on information developed during the investigation.

Our investigation found that several senior OST officials and the executives of CD&L frequently golfed or socialized together over a period of 8 years. This conduct on the part of OST officials appears to violate departmental ethics rules, the Federal Acquisition Regulation (FAR), Title 5 of the Code of Federal Regulations (CFR), and Executive Order (EO) 12731, governing employee conduct. Our investigation did not, however, identify any instances where contracts were authorized without any business necessity. We did, however, identify questioned costs and contract irregularities.

Prosecution was declined by the United States Attorney's office in Albuquerque, NM.

Background

OST was created within the U.S. Department of the Interior (DOI) by the American Indian Trust Fund Management Reform Act of 1994 (Public Law 103-412) to improve the accountability and management of Indian funds held in trust by the federal government. As trustee, DOI has the primary fiduciary responsibility to manage tribal trust funds and Individual Indian Monies (IIM) accounts, as well as the resources that generate the income for those accounts.

In order to satisfy its fiduciary responsibilities, OST often enters into government contracts with private companies. These contracts are governed by the provisions of the FAR, which provide, among other things, a general requirement for full and open competition.

Additional regulations and guidance apply to government employee conduct as it relates to dealings with government contractors or prohibited sources. According to the September 2002 DOI Ethics Guide, a prohibited source includes "any person, company, or organization that has business with your agency; is seeking to conduct business with your agency; conducts operations regulated by your agency; or has any interests that may be affected by your official duties."

During our investigation, we also found a September 17, 2002 memorandum entitled "Arms Length Dealings," issued by OST's procurement chief, which gave further direction to all OST personnel concerning appropriate conduct relative to contractors or prohibited sources. We learned during our interviews that this memorandum had been issued because several OST employees expressed concerns about government contractors and OST officials engaging in social activities outside of work, such as golfing at country clubs. The procurement chief's memorandum addressed the critical need for employees to maintain arms length dealings with government contractors in order to avoid the appearance of impropriety. Below are excerpts taken from the memorandum:

> Arms Length Dealings is an important concept in contracting which means that all contacts with vendors/contractors must be conducted with reserve and distance …
>
> Close conduct with vendors/contractors must also be avoided so as not to give the appearance of impropriety, preferential treatment or unfair advantage. An OST procurement can become tainted and even stopped due to any OST employee's inappropriate communications, conduct or close contacts with vendors/contractors. Even an appearance of impropriety can lead to consequences …
>
> … employees must at all times take into consideration how the outside world would view the contact. If the conduct or communications would look questionable to someone on the outside, in particular a competing vendor, it must be considered questionable. Conversations and contacts that in other situations would be innocent can be construed in the federal procurement arena as questionable leading to civil and criminal penalties and consequences.

The language in the memorandum is very similar to the language in rules governing employee conduct including Title 5 CFR Part 2635, titled, "Standards of Ethical Conduct For Employees of the Executive Branch," EO 12731, and the FAR. In part, these regulations state:

> Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts. (5 CFR Part 2635)
>
> Employees shall not use public office for private gain, and employees shall act impartially and not give preferential treatment to any private organization or individual. (EO 12731)
>
> Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality

> and with preferential treatment for none. Transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct. The general rule is to avoid strictly any conflict of interest or even the appearance of a conflict of interest in Government-contractor relationships. (FAR Part 3, Subpart 3.101)

Details of Investigation

Allegation of Favorable Treatment for CD&L

Between approximately October 1998 and February 2005, Donna Erwin, Principal Deputy Special Trustee, OST; Douglas A. Lords, Deputy Special Trustee, Field Operations, OST; and Delano "Jeff" Lords, Deputy Special Trustee, Trust Accountability, OST, socialized on numerous occasions with the executives of CD&L, as well as other OST contractors and former Office of Trust Funds Management (OTFM) contractors. This included golfing at exclusive resorts together, traveling in a recreational vehicle (RV) together, dining at upscale restaurants together, entertaining one another at their personal residences, and attending happy hours together on a regular basis.

While there was considerable socializing between OST officials and OST contractors prior to the issuance of the "Arms Length Dealing" memorandum in September 2002, the socializing did not cease after the guidance was in place. For example, in November 2002, CD&L executives, other contract employees, and OST officials participated in an OST golf scramble; in December 2002, Erwin and her Chief of Staff attended a happy hour with a CD&L executive and his employees at the Seagull Street restaurant. Jeff and Doug Lords, the former program analysis officer for OTRA, two CD&L executives, and a former OTFM contractor, along with other individuals, golfed together at various courses over multiple days prior to the premier Professional Golf Association (PGA) Phoenix Open tournament. The group traveled together to Phoenix, Arizona, where Jeff and Doug Lords (and possibly others) attended the PGA Open.

A review of the CD&L expense reports, obtained though an Inspector General subpoena, disclosed that OST officials frequently golfed with CD&L executives and/or employees. These golf outings occurred during both official travel related to contract work and during non-duty hours. The golfing took place at exclusive resorts, private golf clubs, a local country club, and public golf courses spanning seven states, including New Mexico, Arizona, Montana, Idaho, Oregon, Nevada, and Washington **(Appendix A)**. CD&L executives went on annual excursions with Jeff Lords and Doug Lords, including the Phoenix Open. OST officials maintained that they paid their own expenses associated with golfing. However, according to Doug Lords, they did share travel expenses, such as gas, snacks, and beverages. Three OST officials who did not participate in these activities characterized the relationship between CD&L and the OST officials as a "clique."

Donna Erwin

Erwin was the Acting Special Trustee when the Arm's Length Dealings memorandum was issued. Erwin told OIG special agents that she felt the memorandum was harsher than she expected it to be and said that "you cannot do anything at all" with government contractors. Approximately 3 months after the memorandum's issuance, Erwin, with her chief of staff, went to Seagull Street

Restaurant for a happy hour organized and attended by a CD&L owner and staff. The OST contracting officer's technical representative documented Erwin's presence at the event and his concerns about appearance issues in the contract file. According to the note, a CD&L employee bragged about having drinks with the Special Trustee, referring to Erwin. The technical representative stated that he told the contracting officer about the issue, and later Erwin asked him why he was "bitching" about her having drinks.

Erwin also attended other social gatherings in which CD&L employees and other government contractors were known to have participated, including potlucks, retirement parties, dinners, golfing events, and tailgate parties. Erwin recalled one instance where a CD&L official purchased a drink for her, and she reciprocated. Erwin did not recall who the official was. She also did not remember purchasing meals for CD&L employees or vice versa, and, she said at no time did CD&L pay for her golf expenses. Erwin stated that during social activities with CD&L, they discussed general business issues related to current work, but she never discussed anything of a proprietary nature with CD&L.

Erwin stated that it was possible that she may have received drinks from other contractors, including Chickasaw Nation Industries, KPMG, and another contractor, but she could not recall any specific instances. Erwin added that she was certain she never received anything of value from a contractor performing work for OST in excess of $20 on one occasion or more than $50 in 1 year.

Agent's Note: During her August 2005 interview, a written statement was prepared for Erwin. Erwin made handwritten corrections in the margins of the statement, but the statement was not finalized and Erwin did not sign it. At a later date, after consulting with an attorney, Erwin submitted a signed written statement to the OIG that she prepared separately from the interview.

Erwin's activities with prohibited sources based on her testimony and CD&L expense reports are summarized as follows:

DOI Employee	Activities with Prohibited Source & Frequency
	Interviews
Donna Erwin Senior Executive Service Principal Deputy Special Trustee	**Golf** • Golfed in three or four OST golf scrambles where prohibited sources were present (Erwin could not recall dates, but she is listed on the November 2002 and June 2003 rosters) **Drinking/Dining** • Attended Happy Hour at Seagull Street Restaurant on December 31, 2002, with prohibited sources **Socializing** • Attended CD&L's Open House • Attended three OST Christmas parties in 2000 and 2001 (Erwin could not remember the third date) where prohibited sources were present • Attended retirement parties "too numerous to recall" where prohibited sources were present

	CD&L Expense Reports
	Entries from CD&L expense reports • Dinner on March 18, 2002 – Lords, Donna, [Ex. 6 & 7C], OST Accounting Officer (no receipt) • More than 20 questionable entries relating to OST/OTFM staff between 1999 and 2003

Doug Lords

Doug Lords said that while he was the OTFM deputy director, he wrote a sole-source justification for one contract with CD&L using the firm's expertise as the justification. Doug Lords stated that although he recommended exercising option years on CD&L's contract, the contracting office had the final authority to exercise that recommendation.

Doug Lords told OIG special agents that he began socializing with two CD&L executives in 1996. Both Doug Lords and his brother, Jeff Lords, frequently golfed with the CD&L executives. Doug Lords also traveled to the Phoenix Open for the last 6 to 8 years, most recently in 2005, with a relative, the two CD&L executives, a friend of one of the CD&L executives, the friend's brother, the former program analysis officer for OTRA, and a former OTFM contractor. Doug Lords and one CD&L executive traveled together in Doug Lords' van or a relative's RV on the first four trips, beginning in 1998 or 1999. Doug Lords stated that he attended other social gatherings with the two CD&L executives, such as dinners, happy hours, potlucks, and retirement parties. Doug Lords and the CD&L executive also entertained one another at their personal residences.

Doug Lords told OIG special agents that between 1997 and 2004, there were approximately 5 to 10 occasions that he bought meals for a CD&L executive, and this individual bought meals for him on approximately 5 to 10 occasions. Additionally, he purchased drinks for the CD&L executive approximately 20 times, and this individual purchased drinks for him approximately 20 times. Doug Lords said he purchased drinks for another CD&L executive less than five times, and this individual purchased drinks for him less than five times. Lords said he did not purchase meals for this CD&L executive. In 1997, he also purchased drinks for the former OTFM contractor less than five times, and this individual purchased his drinks less than five times.

Doug Lords admitted that he exceeded the ethics gift threshold of $20 per occurrence and $50 per year, while reciprocating the purchasing of meals and drinks with a CD&L executive, but he excused himself by saying that the violations occurred in social settings, as opposed to during official business. Doug Lords referred to one occasion in about 1998 or 1999 when he, a CD&L executive, and two relatives went to an Albuquerque restaurant to celebrate a birthday. The CD&L executive paid the entire bill that was about $100. On another occasion in about 2004, Doug Lords and a relative had drinks, appetizers, and dinner with the CD&L executive at an Albuquerque restaurant, and Doug Lords paid the entire bill of about $90.

The ethics rules that prohibit government employees from receiving gifts from a prohibited source in excess of $20 per occurrence and $50 per year do not distinguish between on-duty and off-duty hours. Furthermore, despite Doug Lords' statement that his socializing with CD&L occurred because of their personal friendships, we found that CD&L claimed many of their costs associated with these social interactions as business expenses. Doug Lords advised that in the past few years, CD&L has not performed any contract work under his areas of responsibility. However, prior to that, Doug Lords never recused himself from any OST contracts awarded to CD&L.

Agent's Note: During his August 2005 interview, a written statement was prepared for Doug Lords. The statement was not finalized, and Doug Lords did not sign it. At a later date, Doug Lords submitted a signed written statement to the OIG that he prepared separately from the interview.

Doug Lords' activities with prohibited sources based on his testimony and CD&L expense reports are summarized as follows:

<table>
<tr><th>DOI Employee</th><th>Activities with Prohibited Source & Frequency</th></tr>
<tr><td></td><td>Interviews</td></tr>
<tr><td rowspan="3">Doug Lords

Senior Executive Service

Deputy Special Trustee

Field Operations</td><td>Golf
• Golfed in four or five OST golf scrambles where prohibited sources were present (on roster for November 2002 and June 2003 scrambles)
• Golfed with CD&L executive between 1997 and 2005
• From 1998-2005 (with the exception of 2003) attended the annual “Guy’s Deal” trip to the Phoenix Open Golf Tournament Event, with golfing en route to event, which also included CD&L executives
• Reported golfing at Tanoan Country Club about 2 or 3 times a month in 2004, with two CD&L executives
• Golfed with CD&L executives at various New Mexico courses
• Golfed with CD&L executives at various out-of-state courses

Drinking/Dining
• Attended happy hours 2 to 3 times with prohibited sources in approximately 1999 and 2003
• Reciprocation of dinners with CD&L executive 10 to 20 times between 1997 and 2004
• Reciprocation of drinks approximately 60 times with 4 prohibited sources

Socializing
• Attended OST Christmas parties, OST potlucks, OTFM birthday party, retirement parties, and tailgate parties where prohibited sources were present
• Considers two CD&L executives “friends”</td></tr>
<tr><td>CD&L Expense Reports</td></tr>
<tr><td>Entries from CD&L expense reports

• Approximately 65 golf expenses relating to golf events with Douglas Lords from October 1998 to October 2003
• Approximately 10 other questionable entries relating to Douglas Lords were also found</td></tr>
</table>

<u>Jeff Lords</u>

Jeff Lords told OIG special agents that during 2003, he became directly involved with contracting when he received the Risk Management and Special Project Program. CD&L performed work on both. Jeff Lords told OIG agents that he recused himself from the risk management work when it went out for competitive bid. However, prior to that, Jeff Lords had requested that the DOI National Business Center (NBC) award a sole source contract to CD&L for the Risk Management roll-out project.

A certified public accountant (CPA) for Neff & Ricci LLP (N&R), Consultants & Certified Public Accountants, Albuquerque, NM, told OIG special agents that because so much OST work was going to CD&L, he tried to team with CD&L on the Special Deposit Account (SDA) project that was going to be competed using Financial and Business Solutions (FABS). CD&L was not on FABS at the time; therefore, they would not be qualified to compete for the work. When the CPA contacted a CD&L executive about teaming on the project and allowing CD&L to perform the site work, the executive told him that CD&L was already working with Jeff Lords on site work and that Jeff Lords had promised CD&L the work. The CPA asked the CD&L executive how that could be since CD&L was not on FABS. The executive told him that CD&L had applied to the General Services Administration (GSA) for FABS and thought they would be approved before the Request for Quote (RFQ) deadline of September 28, 2004. The CPA told OIG agents that he "could not believe [the CD&L executive] said that. I filter my words better than that," he said.

Both CD&L executives denied the CPA's claims that either told him that Jeff Lords already promised them the work. Both also advised that they did not want to partner with Neff & Ricci because they felt CD&L was more qualified to perform the SDA work. According to the CD&L executives, the CPA for Neff & Ricci threatened to protest if the work was awarded to CD&L, and ultimately Neff & Ricci was awarded the SDA work.

Jeff Lords told OIG agents that he began attending social gatherings, such as golf outings, multiple-day trips, dinners, drinks, and one retirement party with the executives of CD&L in 1998. From approximately 2000 through 2004, Jeff Lords purchased two to three meals for a CD&L executive, and this individual purchased two to three meals for him. Jeff Lords purchased drinks for the CD&L executive approximately 10 times, and this individual purchased drinks for Jeff Lords approximately 10 times during the same period of time. In 2000, Jeff Lords purchased drinks for the former OTFM contractor once or twice, and this individual purchased drinks for Jeff Lords once or twice.

Jeff Lords' activities with prohibited sources, based on his testimony and CD&L expense reports, are summarized as follows:

DOI Employee	Activities with Prohibited Source & Frequency
	Interviews
Jeff Lords Senior Executive Service Deputy Special Trustee Trust Accountability	**Golf** • Golfed in four or five (one per year) OST golf scrambles where prohibited sources were present (listed on November 2002 and June 2003 roster) • Golfed with one CD&L executive "about five times" between 2003 and 2004 • Golfed with CD&L executive "approximately 10 times" between 2002 and 2003 • Golfed with CD&L executive and the executive's out-of-town friends in the summer of 2003 • Attended annual trip to the Phoenix Open Golf Tournament, with golfing in route to event, with CD&L executives two times

DOI Employee	Activities with Prohibited Source & Frequency
	Drinking/Dining • Reciprocation of lunches with CD&L executive four to six times between 2000 and 2004 • Reciprocation of drinks with CD&L executive and the former OTFM contractor 22 to 24 times between 2000 and 2004 **Socializing** • Attended retirement parties where prohibited sources were present
	CD&L Expense Reports
	Entries from CD&L expense reports • Approximately 12 golf expenses relating to golf events with Jeff Lords from approximately January 1999 to April 2002 • Approximately 3 restaurant expenses during June 1999 • Approximately 7 other questionable entries relating to Jeff Lords were also found <u>Note</u>: After Jeff Lords' review of expense entries, he stated that "the reports accurately reflected his activities with CD&L and did not surprise him."

<u>The Former Program Analysis Officer for OTRA</u>

The former program analysis officer for OTRA was the director of OTRM before becoming the program analysis officer. As a result of an OST reorganization in 2003, OTRM became OTRA. CD&L developed a Risk Management Program for OTFM, and the former program analysis officer believed that the program was a good foundation and could be expanded for OTRM's use. Therefore, he made the decision to contract with CD&L for Risk Management services for OTRM.

The former program analysis officer for OTRA told OIG special agents that he frequently socialized with OST contractors. He participated in out-of-town trips to Arizona and Nevada with two CD&L executives in addition to the former OTFM contractor. The trips were in conjunction with the Phoenix Open PGA tournament. He has also golfed with one of the CD&L executives approximately eight to nine times a year, and he has golfed with another CD&L executive, as well as the former OTFM contractor, occasionally.

The former program analysis officer's activities with prohibited sources based on his testimony and CD&L expense reports are summarized as follows:

DOI Employee	Activities with Prohibited Source & Frequency
	Interviews
Former Program Analysis Officer for OTRA Office of Trust Review and Audit	**Golf** • Golfed in a "couple" of OST golf scrambles with prohibited sources, one in 2003 • Golfed with CD&L executives in scramble, which also included a relative of the former program analysis officer, for OTRA in 2003 • Golfed with two CD&L executives, which included Doug and Jeff Lords and a relative in November 2000 **Drinking/Dining** • Drinks with CD&L executive at Tanoan Country Club after golf or while out-of-town on official travel **Socializing** • Attended retirement party with prohibited sources
	CD&L Expense Reports
	Entries from CD&L expense reports • Nineteen golf expenses relating to golf events with the former program analysis officer for OTRA from April 2000 to September 2003

Former OST Procurement Chief

The former OST procurement chief who signed the "Arm's Length Dealings" memorandum told OIG agents that he attended OST golf scrambles several times in 2002 and 2003. Personnel from KPMG, an OST Contractor, and CD&L, as well as the former OTFM contractor, participated in the events. The former OST procurement chief said that a few years ago, Doug and Jeff Lords invited him to the PGA Phoenix Open golf tournament. He declined the offer, saying he did not want to be tied to anything possibly questionable.

The former OST procurement chief's activities with prohibited sources, based on his testimony and CD&L expense reports, are summarized as follows:

DOI Employee	Activities with Prohibited Source & Frequency
	Interviews
Former OST Procurement Chief	**Golf** • Golfed in four to six OST golf scrambles with prohibited sources in 2002 and 2003 • Golfed with CD&L executive and Doug Lords in 2001
	CD&L Expense Reports
	Entries from CD&L expense reports • Five entries relating to golf events with the former OST procurement chief from February 1999 to April 2002

OST Information Technology Services Official

While one information technology services (ITS) official was not directly involved in contracting, he organized OST golf scrambles in which government contractors were invited. He estimated the OST golf scrambles began in 1996 or 1997, were oriented to foster teamwork, and generally occurred about three times per year. The ITS official paid the golf course fee in advance, and participant money was collected on-site the day of the tournament. He said OST, BIA, and DOI employees, relatives, friends, and retirees participated, including Doug Lords, Jeff Lords, and Erwin. He further stated that government contracting personnel from CD&L, KPMG, and DataCom attended. The ITS official related that no money changed hands illicitly and entrants paid their respective fees. He said receipts for payment were not issued to OST golf scramble participants.

CD&L provided the OIG with a check that it wrote to the ITS official for its golf fees.

OST Management Analyst

An OST management analyst also socialized with government contractors. He estimated that he participated in two or three OST golf scrambles. He told OIG agents that he had no relationship with contractors, and his professional judgment was not influenced.

Documentation examined during the contract file review indicated that the OST management analyst was the subcontracting officer's technical representative for Task Order No. 2, No. 4, and No. 6. According to an OIG auditor, the OST management analyst was also on the contractor selection committee for the OTFM financial statement audit contract. The management analyst was also the contracting officer's technical representative on the contract for the audit, which was performed by the former OTFM contractor. The management analyst estimated playing golf with the former OTFM contractor about six times and with another employee with the former OTFM contractor, subcontracted to CD&L, roughly four times.

As part of the audit contract, OST personnel and government contractors went on site visits. During the 2000/2001 audit, the OST management analyst; a CD&L executive; an employee of the former OTFM contractor, subcontracted to CD&L (utilized by CD&L under a work agreement); and the former OTFM contractor went on a 2-week field trip to the Northwest BIA agencies. On the trip, over the weekend, they played golf twice at two different courses at Coeur d'Alene, Idaho; one course cost approximately $150 for a round of golf. They also golfed at a course in Spokane, Washington, and golfed once or twice while at the Flathead Agency in Polson, Montana.

The OST management analyst also served on the evaluation team for the new risk management contract that was awarded in April 2004. The contract was awarded to DataCom, based on their decision to team with CD&L.

Trust Funds Liaison Officer

The trust funds liaison officer's duties included serving as a "go-between" for trust funds management and the tribes on such issues as requests for withdrawals, the 1994 Indian Trust Reform Act, contracting/compacting programs, and congressional inquiries. The liaison officer conducted training on risk management with CD&L. He was also the point of contact for a portion of CD&L's contract and assisted an OST management analyst in carrying out the contract objectives. CD&L performed annual evaluations on three tribally compacted programs involving the Cherokee, Wyandotte, and Flathead tribes, and the liaison officer was involved on a task order under this contract.

The liaison officer participated in the November 2002 OST golf scramble. Personnel from DataCom, KPMG, and CD&L joined in the event as well. The liaison officer has golfed with one CD&L executive four or five times over the last 2 years. He asserted that he always paid his own way. He primarily played golf with Doug Lords, and if CD&L executives were there, then they all golfed together. He also played golf at Isleta in 2003 with the former OTFM contractor and one of the CD&L executives. The CD&L executive introduced the former OTFM contractor to the liaison officer as a friend who was going to join them in playing golf that day.

OIG Interviews of CD&L Executives

During the investigation, CD&L officials advised OIG special agents about the extent of their golf activities with OST officials, which was the same frequency reported by OST. One CD&L executive told us that he golfed in two OST golf scrambles and that he attended the Phoenix Open trip once. He stated that he:

- Golfed with Doug Lords 10 to 15 times during 2003 and 2004
- Golfed with Jeff Lords four to five times during 2003 and 2004
- Golfed with the trust funds liaison officer four to five times during 2002, 2003, and 2004
- Golfed with the former program analysis officer for OTRA eight to nine times during 2003 and 2004

Another CD&L executive stated that he attended the Phoenix Open trip twice, where he golfed with the Lords in Laughlin, Nevada, and in Phoenix, Arizona, prior to the Phoenix PGA Open tournament. The CD&L executive stated that he:

- Golfs with Doug Lords 15 to 20 times per year (time frame not specified)
- Golfed with the former program analysis officer for OTRA, Jeff Lords, the former OST procurement chief, an OST management analyst, and an OST trust reform specialist two times (time frame not specified)
- Golfed with the former OTFM contractor; an employee of the former OTFM contractor, subcontracted to CD&L; and an OST management analyst during a trip to field offices at two different courses in Coeur d' Alene, Idaho, at a course in Spokane, Washington, and once or twice while at the BIA Flathead Agency in Polson, Montana, during 2001 and 2002
- Golfed with an OIG auditor three to five times at public golf courses (time frame not specified)

One CD&L executive stated that he golfed in three OST golf scrambles and he may have golfed one or two other times with OST employees but cannot recall who was present. The CD&L executive stated that he never paid government employees' expenses, golf or otherwise, and that he never gave any government employees gifts or anything of value.

<u>Review of CD&L Expense Report Issues</u>

CD&L executives and OST officials insisted that their relationships were merely social and in no way affected government contract decisions. However, CD&L expense reports for the period October 1998 through December 2003 disclosed hundreds of instances where CD&L executives reported and claimed their social activities with OST officials as business expenses, sometimes recorded as practice development. Erwin, Doug Lords, and Jeff Lords were even listed on the CD&L corporate expense reports under the column titled, "Business Reason," for their attendance at activities with CD&L executives, including dining, golfing, and office parties, although the investigation did not identify any instances where the expenses listed on CD&L reports were the expenses of a government employee.

Additionally, our investigation revealed specific patterns and trends relative to OST's socializing with contractors and CD&L contract actions, giving the appearance that CD&L received favorable treatment from OST officials. Below is an example of one of the hundreds of CD&L expense reports we reviewed, which shows that merely 4 days before the CD&L contract in question was awarded, Doug Lords' name appeared on CD&L's expense report for one CD&L executive in relation to golf and a business meeting:

CHAVARRIA, DUNNE & LAMEY LLC
Expense Report

Name [redacted] Signature [redacted]

Week of 10/12/98

			Personal Auto						
Date	Description of Expense	Name and Person Present and Business Reason (if applicable)	Miles	Amount	Lodging	Other	Meals & Entertainment	Total Expenses	Job Number
10/12	parking 5 @ 2.50					12.50		12.50	OTFM
10/13	business lunch	[redacted]					20.00	20.00	admin
10/12	golf	Doug Lords; business mtg					40.00	40.00	admin
								-	
								-	
								-	

We noted several examples similar to the one shown above. For instance, less than a month before the contract was definitized for $150,000, Doug Lords' name is listed on a CD&L expense report for a golf outing with a CD&L executive. Two weeks before modification two to the contract was made, which added over $78,000 to the contract, Doug Lords' name is shown again on a CD&L expense report for a golf outing with a CD&L executive. These types of instances occurred throughout the life cycle of the CD&L contract, creating the appearance of improprieties **(Appendix B)**.

Erwin's Request for Ethics Opinion on Socializing

During a June 2004 OIG interview, Erwin stated that she planned to consult DOI's Office of Ethics (OE) about the CD&L office building open-house that she attended with her chief of staff, golf scrambles, golf, retirement parties, Christmas parties, and tribal feast days.

During a subsequent interview, Erwin provided OIG special agents with a copy of a response memorandum, dated July 16, 2004, from the Director, OE, signed by the former Deputy Director, OE, addressed to the Principal Deputy Special Trustee. Erwin stated that she read the memorandum and it contained no surprises. She stated that the OE conveyed that a working relationship was acceptable as long as each party paid their own way and was mindful of appearance issues.

A review of Erwin's request revealed that it did not contain all of the facts necessary for OE to provide an informed response. Specifically, Erwin did not address any of the socializing aside from the golf scrambles, and she did not report the frequency of the socializing. Erwin also did not address the socializing that occurred between a few select individuals, as opposed to events in which the entire staff participated.

When OIG agents later asked Erwin if her June 2004 request for an ethics opinion represented all matters discussed with the OIG, including golfing, purchasing meals and drinks, and various socializing activities with government contractors, Erwin admitted that her request did not accurately represent the social activities discussed with the OIG. Erwin stated that her chief of staff put the request together and Erwin just signed it. Erwin stated, "I don't think we intentionally did it."

<u>Pressure by OST Management on Employees to Award</u>
<u>$6.6 Million Contract Work to CD&L Without Competition</u>

Our investigation found that OST issued a 1-year, noncompetitive contract to CD&L during October 1998 to perform expert accounting and consulting services concerning OST's current litigation efforts. This 1-year contract, which totaled only $150,000, did not allow for option years. However, OST modified the contract over 50 times and issued 11 Task Orders (TO) under the contract, increasing the value of the award to over $6.6 million, all without competition. Our investigation revealed that while Erwin, Doug Lords, and Jeff Lords did not directly award contracts, TOs, and modifications, and are not contracting officers, they were involved in the procurement process. In addition, interviews with the officials who were responsible for awarding the contracts revealed that they felt pressured by Erwin, Doug Lords, and Jeff Lords to award work to CD&L.

These interviews disclosed a pattern in which the staff said they felt pressured by OST management. The former OST procurement chief told us that many of the OST officials who were involved with the CD&L contract are now in management positions and OST staff fear reprisal from OST senior management if they provide information to the OIG.

Several people we interviewed expressed a sense of pressure and influence from OST management to award OST work to CD&L without competition. Several also expressed concerns about appearances.

An NBC contracting officer told OIG agents that he was uncomfortable with the appearance of so much work going to CD&L. He was so uncomfortable with the relationship between OST and CD&L that he said he was looking for something to say that CD&L is not eligible to bid on the new contract. He stated that he did not understand "why the folks at OST are hell bent on protecting [CD&L]."

The contracting officer stated that he felt OST was "in bed with CD&L." He said the direction to sole-source a risk management contract for follow-up work to CD&L stemmed from Jeff Lords. When Jeff Lords told the contracting officer the risk management work would be put on hold, he thought this was odd because OST's Justification for Other than Full and Open Competition (JOFOC) reflected that the risk management work was urgent. When NBC contracting officials told OST the contract needed to be competed, OST moved the administration of the contract to BIA, where the contract was awarded and then subcontracted to CD&L.

A former procurement analyst, TASS, OST, told OIG special agents that he had no personal knowledge of relationships between OST management and government contractors but added that comments he received from CD&L gave him pause. The first instance involved a procurement in which Jeff Lords was project manager. The procurement had not been awarded yet, but a conversation he had with CD&L suggested "they knew more about it than [he] did."

The former OST procurement analyst offered no specifics about OST contracts being improperly managed but said incredible amounts of pressure came from OST management – and Erwin in particular. The former procurement analyst indicated the prevailing concerns among OST staff were, "How's Donna gonna take this?" and "You know Donna doesn't like that." He qualified these statements by saying he had very limited dealings with Erwin and OST upper management.

The former OST procurement analyst felt that Erwin, Erwin's chief of staff, and Jeff Lords were "micro-managing" contract personnel and cited examples such as summoning the former OST procurement chief into their offices, phone calls to former OST contract specialist, and stopping by the former OST procurement chief's office. The former OST contract specialist received phone calls from Erwin and office visits from Erwin's chief of staff. The former procurement analyst said Erwin, Erwin's chief of staff, and Jeff Lords "had no qualms" about such an approach, and while Doug Lords was a bit more circumspect, he could still apply pressure.

The former OST procurement analyst said the *Cobell* litigation was routinely used as justification not to compete the CD&L awards. He stated that he and the former OST contract specialist felt there was no reason to continue sole-sourcing the CD&L work. He said they might have allowed a "bridge" of approximately 6 months in the CD&L contract to avoid a break in service, to write a new statement of work, and to obtain and evaluate proposals. The former OST procurement chief was in agreement with the former OST procurement analyst and the former OST contract specialist in ending the CD&L contract.

The former OST procurement analyst further stated that had OST "clearly and blatantly" broken any laws, he would have reported the matter to the proper authorities. He stated that a violation of the Competition in Contracting Act was possible had a CD&L competitor known about the contract in question, protested the matter, and obtained documents. When asked if there was a violation of contract law, he replied "technically, yeah." He said, however, that the contracting officer – not Erwin, Erwin's chief of staff, or Lords – would have been held responsible and suggested that OST management distanced them enough from such culpability.

An OST contract specialist also mentioned pressure from OST management in his interview and confirmed the use of the *Cobell* litigation by OST management to "threaten" contract staff.

Another former OST contract specialist suggested in an interview with OIG agents that Erwin and her "senior lieutenants" in charge of the major programs – an OST information officer, Jeff Lords, Doug Lords, and the former program analysis officer for OTRA – proceeded in willful disregard of FAR requirements. During a subsequent interview, the former OST contract specialist told OIG agents that OST management put undue pressure on acquisition officials who were supposed to use their independent judgment and discretion in contracting matters. Money was spent without having complete statements of work specifically defined. When TASS "proved too much of an obstacle," OST moved the contracting function "out and far away from people seeing it," he said.

A former OST contract specialist told OIG agents that he asked to be transferred out of contracting work at OST during 2003 because he felt the contracting process had become political and was being overly influenced by OST senior management, especially Erwin and Doug Lords. He added that he was never directly contacted by OST senior management in regard to awarding contracts, but his supervisor, the former OST procurement chief, would advise the OST contracting employees of OST senior management's desires in regard to contracts.

According to the former OST procurement chief, all of the contracts on which he worked, including the CD&L contract, were considered urgent by OST management. He added that he does not remember which specific member or members of OST management he met with in reference to the CD&L contract. He stated that he probably met with all of the OST management at some time to discuss the CD&L contract. He further stated that many employees at OST are concerned about repercussions from OST senior management if their names are mentioned in OIG reports.

CD&L Contract Irregularities

Our interviews and record reviews disclosed numerous contract irregularities pertaining to the CD&L contract, including the following:

- Task Orders issued did not directly correspond with the Statement of Work (SOW) for the contract.
- The contract itself did not establish deliverables.
- Both the task orders and deliverables were modified and extended numerous times over the duration of the contract.
- CD&L used subcontractors and contract employees to assist in creating databases. One of the subcontractors was a CD&L executive's relative, who resides in Maryland. This individual traveled to New Mexico to work on the contract. His travel costs were billed to and paid by OST.
- OST personnel indicated that CD&L personnel were experts in Indian trust matters. However, we noted several instances where CD&L subcontracted out portions of its work, retained contract employees, and "rented" two individuals from the previous OTFM contractor.
- OST repeatedly used the *Cobell* litigation as rationale to sole-source contract work, as opposed to awarding contract work using the competitive process.

We interviewed an attorney with the Office of the Solicitor who stated that he was unsure that he had ever seen the entire CD&L contract, but he advised that the contract violated every clause in the FAR related to competition. He said the contract and all task orders issued against it would also have violated sections in the FAR related to (1) truth in negotiations (no government cost estimate), (2) type of contract (the contract was not an Indefinite Delivery-Indefinite Quantity contract, yet TOs were issued under it), and (3) scope of work.

We also interviewed a former attorney with the Office of the Solicitor, who said the contracting office should negotiate the hourly rate with the contractor and the contract file should include a memo regarding that negotiation. He added that the contracting office is required to negotiate the rates, especially if they include some measure of profit and overhead. Rates, as established by the contract, included both profit and overhead. However, there was no documentation in the files provided to support a rate analysis or negotiation.

The former attorney with the Office of the Solicitor described some of the OST task order justifications he viewed as indefensible and said the existence of a lawsuit (*Cobell*) is not an excuse to not follow proper contracting procedures. He spoke of this in general, not just in relation to the CD&L contract in question. He related that OST "fought like hell" not to advertise work after an initial award and maintained that OST "wanted to continue the urgent and compelling contracts." He was responsible for five other contracting offices in addition to that of OST, but he said OST was always in "crisis" mode and wanted results instantly. The former employee attempted to give OST priority, but he stated that OST "played fast and loose" with the justification of urgent and compelling. When asked if the SOL ever issued a written legal opinion concerning OST's improper contracting actions in relation to the CD&L contract or other contracts, he responded that there was not time to do so and that many of the legal opinions were oral, not written.

Currently, CD&L has the following contracts with DOI**:**

Contracting Agency	Contract Number	Brief Description	Completion Date	Amount
GovWorks	INM0405BP40904	Blanket Purchase Agreement for accounting services on an as needed basis – 3 task orders with completion dates extending to 01/31/2010 valued at $11,025,566 have been issued. According to GovWorks, two task orders are outstanding, one is for work at the Office of Historical Trust Accounting, and one is for OST	11/12/2009	$100,000,000
BIA	INISMK00050058	Risk Management Services – the contract was awarded 02/16/2005 and has four option years	02/16/2006 OST wants to extend	$1,072,477.50
NBC	NBCTC040049	To fully reconcile and to provide adjustments, with proper backup documentation, for distribution of an Indian trust account that goes back 20 years and where various records are located throughout Albuquerque, NM, and Lenexa, KS, by Sept. 30, 2005	Extended to 03/31/2006	$175,000

The above information was obtained from DOI contracting officers, but the contracts themselves were not reviewed as part of this investigation.

Allegations that OTRM Entered Into Contract Without Any Business Necessity

We received allegations that OTRM entered into a contract because it still had money left that needed to be spent before the end of the fiscal year, not out of any business necessity. The contract called for the contractor to provide litigation support services for the *Cobell* litigation. We learned that the former program analysis officer for OTRA and the former Deputy Director of OST made the decision to hire the contractor. The former program analysis officer, the former Deputy Director of OST, and the contractor were described as good friends who would go out drinking together. The former Deputy Director of OST signed the contract on behalf of OTRM as the requestor, the funds approval authority, and the approving official. Other allegations in relation to the contract include:

- While the JOFOC asserted that a best effort was made to review as many potential sources as practicable and that at least five vendors were contacted, other vendors were not contacted.

- It was hard to tie what little work the contractor did for OTRM with the SOW for the contract. The contract was subsequently modified to include what the contractor had actually done and to take out what the contractor was supposed to have done but had not.

- The contracting officer's technical representative for the contract forwarded the draft SOW to the contractor for review and comment before the contract was issued.

- The only work in the policy and procedure area the contractor had accomplished was writing the OTRM travel policy.

Investigative Findings Relative to the Contractor

An interview of an OTRA auditor disclosed that the contractor was tasked with collecting items for use in the office, such as the Code of Federal Regulations (CFR), departmental manuals, Secretarial Orders, and policies and procedures. The OTRA auditor believed that the contractor was writing policies and procedures to be implemented at OTRM and stated that he was a "wealth of information." The OTRA auditor saw results from the contractor's work under the contract and disclosed that the contractor's work was needed because OTRM did not have basic policies in place and OTRM staff did not have time to produce them.

The contract was, however, a sole-source selection, citing FAR 6.302-3(a)(2)(iii) as the authority for awarding a sole-source contract for Expert Services related to litigation. Pre-award documentation cited various reasons for the noncompetitive award, including specialized experience in financial IT systems and unique and specialized expert knowledge in the area of Indian Mineral Management, Indian natural resources policies and procedures, internal controls for Indian trust assets, and auditing Indian trust resources. The "Efforts Made to Identify Potential Sources" section of the JOFOC further indicates that an attempt to identify contractors was made from a GSA schedule of IT contractors. The potential contractors were further narrowed down to a group specializing in customer-based financial IT systems expertise, although our review of the contract file could not determine whether the narrow group of potential contractors was ever contacted.

As noted above, the Determination and Findings indicated that the contract was awarded sole source to a contractor specializing in financial IT systems. However, the JOFOC stated that the vendor had unique and specialized expert knowledge in the area of Indian Mineral Management, mineral leases, Indian tribal and allotted lands, Indian natural resources policies and procedures, internal controls for Indian trust assets, and auditing Indian trust resources. The contractor previously served as the Executive Secretary for the Indian Minerals Steering Committee while with the Minerals Management Service (MMS). The former program analysis officer for OTRA stated that the contract was a sole-source award based on the contractor's experience with the Steering Committee.

Our review revealed that work performed by the contractor was sufficiently associated with the SOW. The SOW was written by the contracting officer's technical representative and was later revised so the contractor could assist OTRM in the termination of the OST/MMS Indian Business Operations (IBO) interagency agreement. The former program analysis officer for OTRA stated that OTRM initially intended for the contractor to develop policies and procedures. However, after the contract was awarded, things began to change. The contractor drafted several policies and coordinated the effort to develop the OST property handbook and related system. The contractor also assisted OTRM in the termination process for the IBO interagency agreement. The former program analysis officer added that the contractor "did not do a lot of what we originally picked him up for, but things changed."

The allegation that the SOW was provided to the contractor before the contract was awarded was substantiated. However, this is not unusual, as SOWs are often included in solicitations for contracts. Prior to bidding on a contract, the contractor should be aware of the requirements of the work to determine if they would like to obtain the contract. In addition, an understanding of the work and the associated deliverables is necessary for any contractor to prepare a cost estimate. We found indications that the contracting officer's technical representative and the contractor discussed added deliverables and that the technical representative asked the contractor to offer suggestions to timeframes noted in the SOW. Whether the contractor asked for revisions to be made is unknown.

Our review of status reports, contract files, and other documentation showed that several draft policies, plans, memorandums, and manuals were produced by the contractor, thereby refuting the allegation that the contractor only wrote one policy.

During our investigation, we also found that OST contractors are required to have a background check to comply with security requirements. The contractor's background investigation was completed over a year after the date of award.

Allegations that OST Entered into IBO Interagency Agreement To Help Out Old Friends and Colleagues and Not Out Of Any Business Necessity

We received allegations that the former program analysis officer for OTRA, who came to OST from MMS, entered into the agreement for risk management services with MMS, on behalf of OST, to help old friends and colleagues, not out of any business necessity. The MMS entity that provided these services was IBO. During the time the interagency agreement was being contemplated, there were rumors that MMS was planning on cutting a number of the positions that became part of IBO. OST staff believed that OTRM had the personnel on staff to do the job IBO was brought in to do.

Investigative Findings Relative to the IBO Interagency Agreement

According to the former program analysis officer, when he was detailed to his position at OST, approximately 157 outstanding trust function deficiencies within DOI were identified through the OIG, the General Accounting Office, and third party audits. The former program analysis officer was tasked with audit compliance resolution. In order to address the deficiencies, an organization was created with responsibilities for risk management – OTRM.

After working for OTRM for 4 or 5 months, the former program analysis officer was faced with the issue, "Where do we get people?" to staff the office. Having worked for MMS, he said he knew the agency was "in budget trouble." MMS needed to find a way to "cover" approximately 40 positions. These positions were being cut, and normal attrition was not adequately addressing the reduced level.

MMS created a franchise team to outsource its services several years ago when it had more employees than work. The former program analysis officer for OTRA contacted MMS personnel to inquire if they would be interested in entering into some type of franchising agreement. He stated that he favored this type of arrangement because it would allow OST to get "experienced personnel on board quickly." OST used the American Indian Trust Reform Act of 1994 (Reform Act) as its authority to enter into the agreement. The Reform Act authorizes the Special Trustee to "go wherever to get resources" necessary to accomplish objectives.

The former program analysis officer for OTRA stated that MMS created IBO for the interagency agreement with OST. IBO did not exist before the interagency agreement. The group named itself IBO. MMS solicited its staff to determine interest in working on the agreement. Assigned staff came from several MMS offices. The former program analysis officer stated that MMS designated one IBO employee as the leader but that he had the right to "veto" the selection. The former program analysis officer had no involvement in the selection of the staff that became part of the IBO team. These individuals were assigned internally by MMS.

Other Contracts Reviewed

Although allegations were limited to two contracts and an interagency agreement, we subsequently expanded our review to include five additional contracts that came into question during the course of our investigation. The five contracts are identified below:

Award Date	Contractor	Original Description	*Approximate Value
09/1995	Former OTFM Contractor	Financial Statement Audit Services contract	$2,813,665
03/1999	DataCom Science, Inc.	Data Cleanup	$47,560,788
06/2001	Electronic Data Systems Corporation	Consultation and facilitation	$16,350,537
10/2001	Native American Industrial Distributors, Inc.	For "assistance to provide expert advice, guidance, and counseling"	$246,000
09/2003	Neff & Ricci L.L.P.	To provide technical assistance and consulting and accounting services to manage the SDA Prospective database	$513,750

** Note: This figure represents the value at the end of our review.*

During the review, we noted broad statements of work, numerous contract modifications, questioned costs, and a lack of documentation in contract files. We interviewed a procurement analyst with DOI's Office of Acquisition and Property Management regarding a review his office performed of TASS. The procurement analyst characterized TASS as substandard and said it was not equipped to perform sophisticated contracting.

The procurement analyst said TASS was not a competent contracting office, adding that was part of why his office did not issue a final report on their review of TASS. He stated that a former TASS contracting officer gave the Special Master in the *Cobell* litigation a copy of the draft report. The procurement analyst related that, as long as the report was in draft form, the Office of Acquisition and Property Management could say it was pre-decisional and thereby did not have to give it to the Special Master in the *Cobell* litigation.

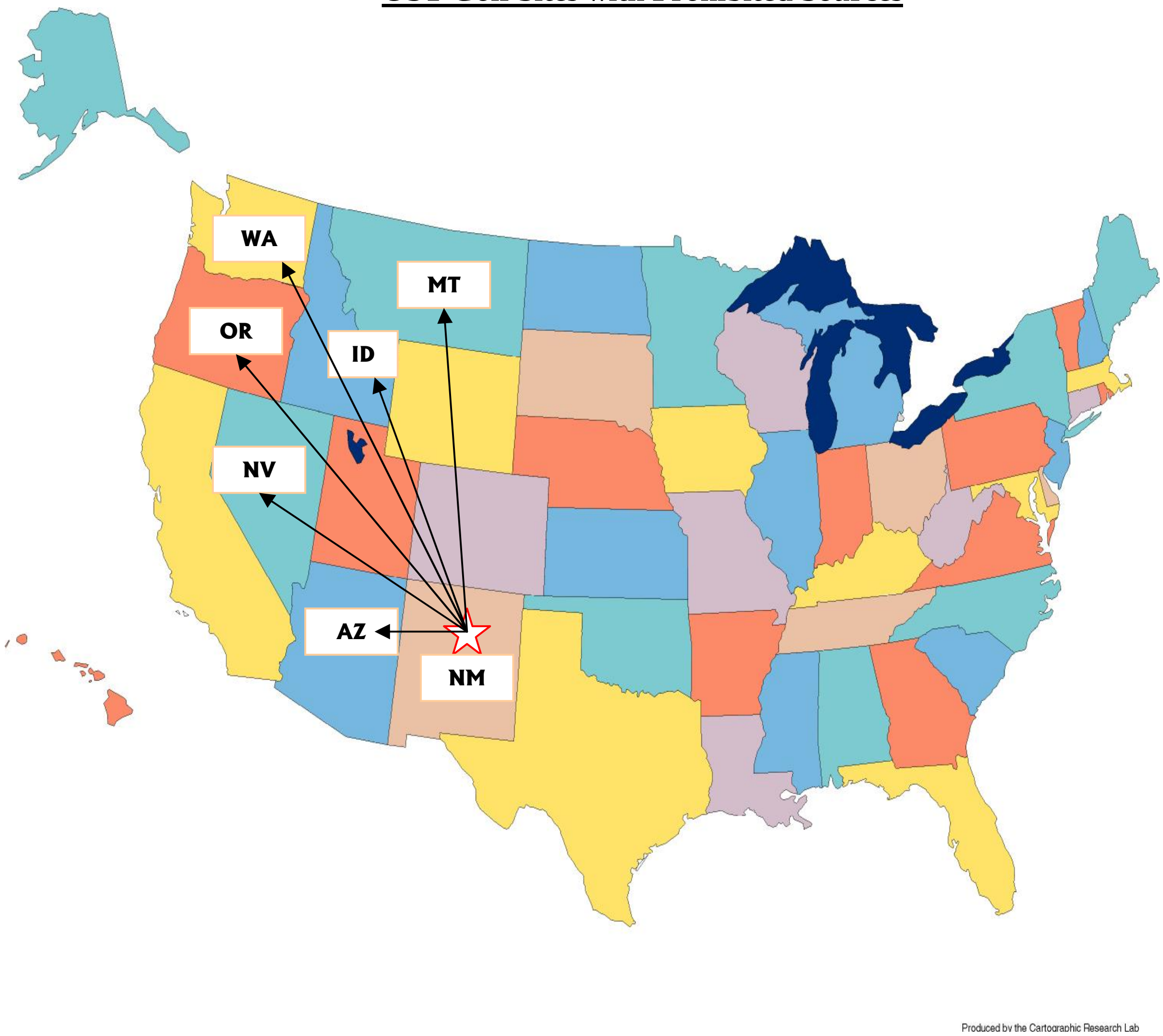
According to the procurement analyst, OST reacted to the draft report as though it were final and made a verbal commitment that program changes would result. He attributed a lack of personnel as a large problem within TASS. He stated that TASS was showing signs of improvement but OST management had given up.

We conducted several interviews in addition to those specifically cited in this report. These interviews provided information that was already reported, including background information, information regarding the original complaint, information regarding socializing, and information related to the contracts reviewed over the course of the investigation.

Disposition

This matter was declined by the District of New Mexico, U.S. Attorney's Office, U.S. Department of Justice, for criminal prosecution. The matter will be referred to DOI for administrative action.

Appendix A
OST Golf Sites with Prohibited Sources



This chart represents locations where Senior Executive Service OST officials and other OST employees golfed with owners of CD&L and other prohibited sources. CD&L and OST are both located in Albuquerque, NM.

The 13 New Mexico golf courses include: Tanoan Country Club, University of NM Championship Golf Course, Santa Ana Golf Club, Isleta Eagle Golf Club, Pueblo de Cochiti Golf Course, Four Hills Country Club, Arroyo del Oso Golf Course, Paa-ko Ridge Golf Club, Paradise Hills Golf Club, Ladera Golf Course, Chamisa Hills Country Club, Kirtland Air Force Base, and Los Altos Golf Course.

The Six of the Out-of-State golf courses included: Emerald River Golf Club in Laughlin, NV, Sandpiper Golf Course in Portland, OR, Gold Canyon Golf Resort in Gold Canyon, AZ, Superstition Springs Golf Club in Mesa, AZ, course name unknown in Spokane, WA, course name unknown in Coeur d'Alene, ID, and course name unknown in Polson, MT.

Appendix B

A Timeline of CD&L Expense Report Entries Listing OST Officials Compared With CD&L Contract Actions

Note: CD&L Contract Actions Are Highlighted in Gray

Date	Description	Vendor Service	Vendor Costs	Contract Costs
Monday, October 12, 1998	Golf - Doug Lords; business mtg		$40.00	
Friday, October 16, 1998	Letter Contract - Allow the contractor to begin performance on TO #1 (Compilations) on 10/19/98			$29,670.00
Sunday, October 25, 1998	Golf – Doug Lords, business	-	$24.27	
Wednesday, November 18, 1998	Business Lunch - Lords, Former OTFM Contractor, Audit	-	$28.18	
Friday, December 11, 1998	OTFM X-MAS PTY	OTFM Organization	$110.00	
Sunday, December 13, 1998	Golf – Doug Lords; pract. Dev.	-	$46.00	
Thursday, January 07, 1999	Definitized Contract - Provide expert accounting & consulting services to assist & support OTFM in current litigation.			$150,000.00
Sunday, January 10, 1999	Golf– Doug Lords; Audit	-	$29.95	
Monday, January 18, 1999	Golf- Doug, CD&L Executive, Jeff Lords	UNM	$29.95	
Sunday, January 24, 1999	Golf – [Ex. 6 & 7C], CD&L Executive, CD&L Executive	Santa Ana	$92.00	
Sunday, January 31, 1999	Golf – Doug, Jeff, [Ex. 6 & 7C], CD&L Executive	Paradise Hills	$50.00	
Monday, February 15, 1999	Golf- Doug Lords, Former TASS Procurement Chief, OST	UNM Golf	$34.94	
Sunday, February 28, 1999	Golf- Doug, CD&L Executive, ITS Official, OST Management Analyst	Isleta	$38.00	
Sunday, March 07, 1999	Golf- Doug, CD&L Executive, Jeff L., OST Management Analyst	Santa Ana	$46.00	
Sunday, March 14, 1999	Golf- Doug L., OST Management Analyst	Santa Ana	$46.00	
Friday, March 26, 1999	[Ex. 6 & 7C] Dinner – OST	-	$22.00	
Friday, March 26, 1999	[Ex. 6 & 7C] Gift	-	$47.36	
Friday, March 26, 1999	[Ex. 6 & 7C] Gift	-	$3.18	
Sunday, April 18, 1999	Golf- Doug Lords	Rio Rancho Club	$28.67	

Date	Description	Vendor Service	Vendor Costs	Contract Costs
Wednesday, May 05, 1999	Modification #1 - Changed address of contract administration office			N/A
Thursday, May 27, 1999	OTLSR Pot Luck	-	$39.99	
Saturday, May 29, 1999	Golf- Doug L. (Golf)	UNM	$39.00	
Monday, May 31, 1999	Golf- CD&L Executive, Doug Lords	Santa Ana	$35.00	
Wednesday, June 02, 1999	Golf- CD&L Executive, Doug L. (Golf SD Accounts)	Isleta	$39.00	
Friday, June 04, 1999	Golf- CD&L Executive, Doug L. (Golf SD Accounts)	Santa Ana	$46.00	
Sunday, June 06, 1999	Golf- Former OTFM Contractor (Golf)	Santa Ana	$46.00	
Saturday, July 03, 1999	Golf- Doug Lords	Isleta	$41.50	
Friday, July 16, 1999	Modification #2 - Incorporate proposed work plan and fee estimate into the contract			$77,762.00
Saturday, July 24, 1999	Golf with Doug L.	UNM South	$35.31	
Sunday, August 08, 1999	Former OTFM Contractor; Former OTFM Contractor, Subcontracted to CD&L; OST Management Analyst	Mileage from Okla.	$208.00	
Sunday, August 15, 1999	Golf- Doug Lords	American Golf (Paradise)	$36.00	
Thursday, September 02, 1999	Business Meal – Staff; OTFM Litigation	-	$99.36	
Friday, September 17, 1999	Golf - [Ex. 6 & 7C], [Ex. 6 & 7C]; OTFM Lit	-	$80.00	
Friday, October 01, 1999	Modification #3 – Govt extended its option to exercise the contract through 09/30/00 (Option year #1)			N/A
Sunday, October 03, 1999	Golf- Doug L., Jeff L., CD&L executive	UNM South	$41.50	
Saturday, October 16, 1999	Golf- Doug, Jeff Lords	Isleta Golf	$39.00	
Tuesday, October 19, 1999	Former OTFM Contractor and [Ex. 6 & 7C] with the [Ex. 6 & 7C] (Paid for [Ex. 6 & 7C] only)	Out Back	$74.17	
Friday, October 22, 1999	Business Meal - [Ex. 6 & 7C], [Ex. 6 & 7C], OTFM ([Ex. 6 & 7C] cost only)	-	$33.94	
Saturday, October 30, 1999	Golf- Doug L., Relative of an OST employee	Santa Ana	$46.00	
Saturday, November 06, 1999	OTFM Tailgate	Dunkin Donuts	$4.22	
Thursday, November 11, 1999	Golf- Doug L.	Iseleta Golf	$33.00	
Friday, November 19, 1999	OTFM	Dunkin Donuts	$4.35	
Thursday, December 30, 1999	Golf- Doug L.	UNM South (Golf)	$29.95	

Date	Description	Vendor Service	Vendor Costs	Contract Costs
Monday, January 17, 2000	Golf- Green Fees – OTFM – [Ex. 6 & 7C] & [Ex. 6 & 7C]	-	$44.00	
Friday, January 28, 2000	Golf- Former OTFM Contractor, Doug Lords	Superstition Springs	$112.56	
Saturday, January 29, 2000	Golf- Former OTFM Contractor, Doug Lords	Gold Canyon	$148.40	
Sunday, February 27, 2000	Golf- Doug Lords	Four Hills	$44.44	
Thursday, March 16, 2000	Modification #4 - Incorporated additional clauses into contract terms			N/A
Sunday, April 09, 2000	Golf- Doug Lords, Jeff Lords	Paa-ko	$59.01	
Saturday, April 22, 2000	Golf- Doug Lords	Golf Paradise Hills	$39.00	
Friday, April 28, 2000	Golf – Former Program Analysis Officer for OTRA, Former TASS Procurement Chief, OST, task 11	-	$51.00	
Friday, April 28, 2000	Golf- OTFM Golf Scramble – [Ex. 6 & 7C]	-	$120.00	
Friday, April 28, 2000	CD&L Executive, CD&L Executive, [Ex. 6 & 7C]	Seasons	$54.57	
Friday, May 05, 2000	Golf- Doug Lords	Paradise	$22.00	
Sunday, May 21, 2000	Golf- Doug Lords	Paako	$59.01	
Saturday, May 27, 2000	Golf- [Ex. 6 & 7C]	-	$59.01	
Saturday, June 03, 2000	Golf- Doug Lords, CD&L Executive	Paako Ridge	$59.01	
Tuesday, June 27, 2000	Modification #5 - Increase contract amount will cover TO #1, Amend #2			$18,835.00
Saturday, July 01, 2000	Golf- Doug Lords	Paa-ko (Golf	$59.01	
Sunday, July 02, 2000	Golf- Doug Lords	UNM South	$43.00	
Saturday, July 08, 2000	Golf- Doug L.	Iseleta	$40.00	
Thursday, July 13, 2000	Modification #6 - Change CD&Ls address			N/A
Thursday, August 10, 2000	Client Potluck – OST	-	$60.62	
Wednesday, August 30, 2000	Golf- Doug, Jeff Lords, Former OTFM Contractor	Sandpiper	$47.85	
Saturday, September 02, 2000	Golf- Doug Lords	Paako Golf	$59.01	
Saturday, September 02, 2000	Golf- [Ex. 6 & 7C]	Arroyo	$20.00	
Wednesday, October 18, 2000	Golf- Former OTFM Contractor, [Ex. 6 & 7C], OST Management Analyst	-	$70.07	
Sunday, October 22, 2000	Golf- Doug Lords	Four Hills	$65.61	
Tuesday, November 21, 2000	Golf Doug Lords	UNM South	$31.00	
Tuesday, November 21, 2000	Pot Luck OTFM	Rudy's BBQ	$33.00	
Tuesday, November 21, 2000	Turkey for OTFM	?	$32.80	
Saturday, December 02, 2000	Golf– Doug Lords, Former Program Analysis Officer for OTRA, Former TASS Procurement Chief, OST	Isleta	$40.00	

Date	Description	Vendor Service	Vendor Costs	Contract Costs
Saturday, December 02, 2000	Golf- Office/OTFM Golf Outing	-	$46.00	
Tuesday, December 05, 2000	Business Lunch - Former Program Analysis Officer for OTRA, Former TASS Procurement Chief, OST, [Ex. 6 & 7C] (DID NOT PAY FOR CLIENT)	-	$37.29	
Saturday, December 16, 2000	Drinks - OTFM X-Mas Party	CD&L Executive and [Ex. 6 & 7C]	$25.00	
Saturday, December 16, 2000	Golf- Former OTFM Contractor, Doug	-	$43.00	
Saturday, December 16, 2000	OTRM XMas Party - ?, [Ex. 6 & 7C], [Ex. 6 & 7C], DG	-	$100.00	
Wednesday, December 20, 2000	OST Potluck	-	$40.00	
Friday, December 22, 2000	Golf- Lords	UNM South	$31.00	
Monday, January 01, 2001	Modification #7 - Change contract admin from NBC to OST Division of Contracts & Grants Administration Acquisition Center			N/A
Friday, January 05, 2001	Donuts – OTFM	-	$7.40	
Thursday, January 25, 2001	Golf- Doug, Jeff Lords	Emerald River	$70.00	
Monday, February 19, 2001	Golf- Doug, Jeff Lords	Arroyo	$25.64	
Monday, March 05, 2001	Golf- Entry Fee - D. Lords	-	$50.00	
Saturday, March 17, 2001	Golf- Tourn With Doug Lords	Arroyo	$50.00	
Monday, March 26, 2001	Modification #8 - Addition of TO #4 based on OTFM requirement of compliance with FMFIA (Integrity Act)--Additional funds will be added as available			$17,150.00
Tuesday, April 03, 2001	Pot Luck OTFM	Marie Calendars	$20.21	
Saturday, April 07, 2001	Golf- Former Program Analysis Officer for OTRA	Tanoan	$37.70	
Tuesday, April 10, 2001	Pot Luck OTFM	Smith's	$11.50	
Friday, April 13, 2001	Golf- Former Program Analysis Officer for OTRA, Doug Lords	Four Hills	$65.60	
Wednesday, May 09, 2001	Modification #9 - Increase obligation for TO #4			$50,000.00
Friday, June 01, 2001	Modification #10 - Incorporates new TO (#5) Special Deposit Accounts Pilot Project--CD&L's proposal date is incorporated in its entirety			$344,208.00
Monday, June 18, 2001	Modification #11 - Increase funding for TO #4			$45,000.00
Saturday, June 23, 2001	Golf- Former Program	Isleta	$24.00	

Date	Description	Vendor Service	Vendor Costs	Contract Costs
	Analysis Officer for OTRA, Jeff Lords			
Friday, June 29, 2001	Modification #12 - Increase funding for TO #4			$40,600.00
Friday, June 29, 2001	Modification #13 - Amends Mod #12 to increase funding for TO #s 6 & 7			$157,400.00
Friday, July 20, 2001	Golf- Former Program Analysis Officer for OTRA, Jeff Lords	Cochiti Golf	$46.00	
Wednesday, July 25, 2001	Modification #14 - Increase contract amount			$15,606.34
Thursday, July 26, 2001	Modification #15 - Increase the contract amount			$313,442.00
Thursday, August 09, 2001	Modification #16 – De-obligate $238,428 in its entirety - TO #s 8 & 9			-$238,428.00
Thursday, September 13, 2001	Modification #17 - Increase contract amount			$25,077.00
Friday, September 14, 2001	Modification #17 - Increase contract amount for TO #9			$113,000.00
Monday, September 17, 2001	Modification #18 - Increase contract amount for TO #4			$52,000.00
Friday, September 21, 2001	Modification #19 - Increase contract amount for TO #9			$52,000.00
Friday, September 21, 2001	Modification #20 - Increase contract amount for TO #5			$170,000.00
Wednesday, September 26, 2001	Modification #21 - Increase contract amount for TO #10			$9,335.00
Friday, September 28, 2001	Modification #22 - Corrects error in accounting strip, NO new funds added			$0.00
Wednesday, October 03, 2001	Modification #23 - Corrects Mod #21 to read "Funds will cover expenses in Task 11", NO new funds are added			$0.00
Thursday, November 01, 2001	Modification #24 - Increase contract amount for TO #5			$54,000.00
Monday, November 12, 2001	Golf- Lords, Former Program Analysis Officer for OTRA	UNM South	$31.00	
Friday, November 30, 2001	Golf- Jeff Lords	Isleta	$20.00	
Saturday, December 08, 2001	OTFM X-Mas Party	-	$100.00	
Sunday, December 09, 2001	Golf- Doug Lords, Former Program Analysis Officer for OTRA	Tanoan	$22.00	
Saturday, December 22, 2001	Golf- Doug Lords	Isleta	$30.00	
Tuesday, January 15, 2002	Modification #25 - Increase contract amount for TO #11			$10,000.00
Thursday, January 31, 2002	Modification #26 - Increase contract amount attached to			$125,000.00

Date	Description	Vendor Service	Vendor Costs	Contract Costs
	TO #10			
Friday, February 01, 2002	Modification #27 - Extends performance period, NO funds added to TO #5			$0.00
Tuesday, February 05, 2002	OTFM Birthday	ABC Cake	$26.98	
Saturday, February 09, 2002	Golf- Doug Lords	Cochiti	$50.00	
Saturday, February 16, 2002	Golf- Tourn (Former Program Analysis Officer for OTRA, Lords)	Isleta	$38.50	
Tuesday, March 05, 2002	Modification #28 - Increase contract amount to TO #5			$5,000.00
Sunday, March 17, 2002	Golf– Former Program Analysis Officer for OTRA	-	$63.49	
Monday, March 25, 2002	Modification #29 - Increase contract amount to TO #10 Phase II			$175,000.00
Friday, April 05, 2002	Golf- Doug, [Ex. 6 & 7C]	-	$45.99	
Wednesday, April 10, 2002	Modification #30 - Increase contract amount to TO #5 Phase I			$5,000.00
Sunday, April 21, 2002	Golf- Doug Lords, [Ex. 6 & 7C]	Santa Ana Golf	$116.00	
Friday, April 26, 2002	Golf- Guest Fee	Tanoan	$30.00	
Friday, April 26, 2002	Golf- Former TASS Procurement Chief, OST	-	$28.75	
Sunday, April 28, 2002	Golf- Jeff Lords, Former OTFM Contractor	Paako	$69.00	
Sunday, April 28, 2002	Golf- Trust Funds Liaison Officer, Former OTFM Contractor	Isleta Golf	$28.00	
Sunday, May 05, 2002	Golf- Doug Lords	Arroyo	$32.50	
Friday, May 10, 2002	Modification #31 - Increase contract amount to cover TO #5			$721,652.00
Friday, May 10, 2002	Modification #32 - Increase contract amount to cover TO #5			$294,348.00
Friday, May 17, 2002	Golf- Doug Lords	Arroyo	$29.00	
Wednesday, May 22, 2002	Modification #33 - Increase contract amount TO #10			$372,096.00
Friday, June 07, 2002	Golf- Former Program Analysis Officer for OTRA, CD&L executive	Tanoan	$30.87	
Sunday, June 09, 2002	Golf- Lords, Trust Funds Liaison Officer	Isleta Golf	$45.00	
Saturday, June 22, 2002	Golf- Doug Lords, [Ex. 6 & 7C]	-	$63.49	
Monday, June 24, 2002	Modification #34 - Administrative Action			$0.00
Friday, July 05, 2002	Golf- Doug, Former Program	UNM	$43.00	

Date	Description	Vendor Service	Vendor Costs	Contract Costs
	Analysis Officer for OTRA			
Saturday, July 06, 2002	Golf- Doug, Former Program Analysis Officer for OTRA	Tanoan	$25.32	
Monday, July 15, 2002	Modification #35 - Exercises the final 5th option year and extends the performance period			$0.00
Sunday, July 21, 2002	Golf- Lords	Isleta	$48.00	
Monday, July 29, 2002	Modification #39 - Increase contract amount to TO #2			$38,715.91
Tuesday, August 27, 2002	Modification #36 - Performance period for TO #5 SDA Pilot Project Phase II is extended			$0.00
Wednesday, September 04, 2002	Modification #37 - Increase contract amount for TO #9			$400,000.00
Friday, September 13, 2002	Golf- [Ex. 6 & 7C], Former Program Analysis Officer for OTRA	Tanoan Golf	$48.67	
Monday, September 30, 2002	Modification #38 - Total contract price increased - Extends performance period for TO #10			$299,650.00
Sunday, November 17, 2002	Golf- OTFM Scramble – [Ex. 6& 7C], CD&L Executive, [Ex. 6 & 7C]	-	$120.00	
Tuesday, December 31, 2002	Modification #40 - Increase total contract price, extends performance period for TO #5			$214,631.68
Wednesday, January 01, 2003	Golf- Trust Funds Liaison Officer	Santa Ana Golf	$55.00	
Sunday, January 05, 2003	Golf- Trust Funds Liaison Officer, [Ex. 6 & 7C]	Tanoan Golf	$37.03	
Saturday, January 11, 2003	Golf- Trust Funds Liaison Officer	Isletta Golf	$40.00	
Wednesday, February 05, 2003	Happy Hour - [Ex. 6 & 7C], [Ex. 6 & 7C], [Ex. 6 & 7C], Doug Lords	Pappadeaux	$90.00	
Saturday, March 22, 2003	Golf- Trust Funds Liaison Officer	Santa Ana	$30.00	
Friday, March 28, 2003	Modification #41 - Increase total contract price for TO #5			$73,258.71
Tuesday, April 01, 2003	Modification #42 - Increase contract price for TO #10, and extends performance period			$224,529.63
Sunday, April 27, 2003	Golf- Lords, [Ex. 6 & 7C]	Paako	$69.00	
Thursday, May 01, 2003	Modification #43 - Project extended for TO #5			$0.00

Date	Description	Vendor Service	Vendor Costs	Contract Costs
Wednesday, May 14, 2003	Modification #44 - Increase contract price for TO #5, and extend performance period			$99,200.00
Tuesday, July 01, 2003	Modification #45 - Increase contract price for TO #10			$353,314.00
Sunday, July 20, 2003	Golf- Doug Lords	Tanoan	$76.18	
Tuesday, July 22, 2003	Modification #46 - Increase contract price for TO #7			$356,747.00
Sunday, August 24, 2003	Golf– Lords	-	$55.02	
Friday, September 05, 2003	Modification #47 - Increase contract price for TO #5			$29,204.00
Wednesday, September 10, 2003	Modification #48 - Increase contract price to reflect added funds to cover TO #7, TO #5			$72,518.00
Sunday, September 14, 2003	Golf– Lords	Tanoan	$13.00	
Sunday, September 21, 2003	Golf– Former Program Analysis Officer for OTRA	Tanoan	$13.76	
Sunday, September 28, 2003	Golf– Former Program Analysis Officer for OTRA	Tanoan	$13.00	
Tuesday, September 30, 2003	Modification #50 - Increase contract price to cover to TO #7			$230,000.00
Wednesday, October 01, 2003	Modification #49 - Increase contract price for TO #9			$619,500.00
Sunday, October 05, 2003	Golf– Lords	Tanoan	$77.24	
Wednesday, December 31, 2003	Modification #47 - Increase contract TO #10			$365,249.18
03/18/02*	Business Dinner - OTFM, [Ex. 6 & 7C], [Ex. 6 & 7C] (cash)	-	$25.00	
TOTALS			**$5,790.90**	**$6,581,271.45**